

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION III
1650 Arch Street
Philadelphia, Pennsylvania 19103-2029

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

09 NOV 2007

Terry L. Dunlap, President
Allegheny Ludlum Corporation
1000 Six PPG Place
Pittsburgh, PA 15222

Re: Notice of Violation: CAA-III-08-005

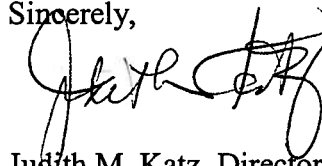
Dear Mr. Dunlap:

As you know, EPA Region III representatives, along with Allegheny County Health Department (ACHD) representatives, inspected your Natrona, Pennsylvania facility on August 8, 2007 and witnessed violations of the ACHD Rules and Regulations, Article XXI, Section 2105.49 which limits or prohibits fugitive emissions from your facility's slag handling operation. By the attached Notice of Violation ("NOV"), Allegheny Ludlum Corporation ("ALC") is hereby notified that the company is operating and has been operating the slag handling portion of the facility in violation of applicable federally enforceable air pollution control requirements, including the Clean Air Act and the Allegheny County portion of the Pennsylvania State Implementation Plan ("PA SIP").

Pursuant to the Clean Air Act, ALC has an opportunity to confer with EPA to discuss the enclosed NOV and violations. I also encourage ALC representatives to consider this an opportunity to discuss a resolution of the violations identified in the enclosed NOV with EPA, so that the facility may promptly return to full Clean Air Act compliance status.

If you would like to arrange a meeting with EPA representatives to discuss the contents of the enclosed NOV and/or a resolution of the fugitive emission violations identified in the NOV, please contact Jim Hagedorn of my staff at 215-814-2161 at your earliest convenience and no later than thirty (30) days after your receipt of this letter. We also encourage you to contact and coordinate any meeting with Harsco Corporation, who is named as a co-Respondent in this matter.

Sincerely,



Judith M. Katz, Director
Air Protection Division

Enclosure

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
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Salvatore D. Fazzolari, President
Harsco Corporation
350 Poplar Church road
Camp Hill, PA 17011

Re: Notice of Violation: CAA-III-08-005

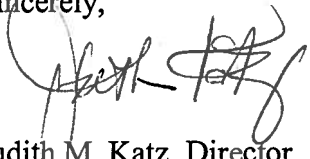
Dear Mr. Fazzolari:

As you know, EPA Region III representatives, along with Allegheny County Health Department (ACHD) representatives, inspected Allegheny Ludlum Corporation's Natrona Pennsylvania facility on August 8, 2007 and witnessed violations of the ACHD Rules and Regulations, Article XXI, Section 2105.49 which limits or prohibits fugitive emissions from the facility's slag handling operation which you own and/or operate. By the attached Notice of Violation ("NOV"), Harsco Corporation ("Harsco") is hereby notified that the company is operating and has been operating the slag handling portion of the facility in violation of applicable federally enforceable air pollution control requirements, including the Clean Air Act and the Allegheny County portion of the Pennsylvania State Implementation Plan ("PA SIP").

Pursuant to the Clean Air Act, Harsco has an opportunity to confer with EPA to discuss the enclosed NOV and violations. I also encourage Harsco representatives to consider this an opportunity to discuss a resolution of the violations identified in the enclosed NOV with EPA, so that the facility may promptly return to full Clean Air Act compliance status.

If you would like to arrange a meeting with EPA representatives to discuss the contents of the enclosed NOV and/or a resolution of the fugitive emission violations identified in the NOV, please contact Jim Hagedorn of my staff at 215-814-2161 at your earliest convenience and no later than thirty (30) days after your receipt of this letter. We also encourage you to contact and coordinate any meeting with Allegheny Ludlum Corporation, who is named as a co-Respondent in this matter.

Sincerely,



Judith M. Katz, Director
Air Protection Division

Enclosure

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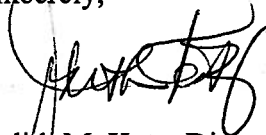
Mr. Roger Westman, Manager
Air Quality Program
Allegheny County Health Department
301 39th Street
Pittsburgh, Pennsylvania 15201

Re: Notice of Violation: CAA-III-08-005

Dear Mr. Westman:

As you know, EPA, in conjunction with Allegheny County representatives, conducted an inspection of the Natrona, Pennsylvania facility of Allegheny Ludlum Company on August 8, 2007. Violations of the County's Article XXI, Section 2105.49 regulation were witnessed during this inspection at the slag handling area of the facility. EPA has enclosed a copy of the Notice of Violation, issued this day, to Allegheny Ludlum Corporation and Harsco Corporation. EPA has made an offer to the Companies to hold an NOV conference to discuss the matter if the Companies so desire. We will let you know if such a conference is scheduled so that representatives from your office may join such conference.

Sincerely,



Judith M. Katz, Director
Air Protection Division

Enclosure

**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION III
1650 Arch Street
Philadelphia, Pennsylvania 19103-2029**

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09 NOV 2007

Mr. Steven Hepler
Air Quality Program Specialist
Pennsylvania Department of Environmental Protection
Pittsburgh Regional Office
400 Waterfront Drive
Pittsburgh, Pennsylvania 15222-4745

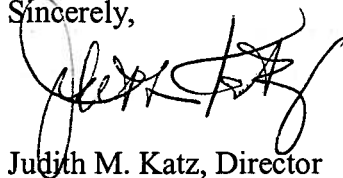
Re: Notice of Violation: CAA-III-08-005

Dear Mr. Hepler:

The U.S. Environmental Protection Agency, along with representatives of the Allegheny County Health Department, conducted a air inspection of Allegheny Ludlum Corporation's Natrona Pennsylvania facility on August 8, 2007 and witnessed violations of Article XXI visible emission requirements. Enclosed for your information is the Notice of Violation issued this day to Allegheny Ludlum Corporation and Harsco Corporation for the observed violations at and around the facility's slag operation.

If you should care to discuss this matter, do not hesitate to contact James Hagedorn, of my staff, at (215) 814-2161.

Sincerely,



Judith M. Katz, Director
Air Protection Division

Enclosure

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION III
1650 Arch Street
Philadelphia, Pennsylvania 19103-2029

-----X
In the Matter of:

Harsco Corporation
Camp Hill, Pennsylvania
&
Allegheny Ludlum Corporation
100 River Road
Natrona/Brackenridge, PA 15014

AFS # 42-003-00172

NOTICE OF VIOLATION

DOCKET NO. CAA-III-08-005

STATUTORY AUTHORITY

This NOTICE OF VIOLATION (NOV) is issued pursuant to Section 113(a)(1) and (3) of the Clean Air Act (the Act), as amended on November 15, 1990 by P.L. 101-549, 42 U.S.C. § 7413(a)(1) and (3), to Harsco Corporation (Harsco) and Allegheny Ludlum Corporation (ALC) for violations of the Act and the Pennsylvania State Implementation Plan (PA SIP) at the slag processing area located on ALC property in Natrona and Brackenridge, Allegheny County, Pennsylvania. Section 113(a)(1) of the Act requires the Administrator of the United States Environmental Protection Agency (EPA) to notify a person in violation of a state implementation plan (SIP) or permit of the violation. The authority to issue NOV's has been delegated to the Director of EPA Region III's Air Protection Division. A description of the regulatory background, the relevant facts and a list of the specific violations identified by EPA are outlined below. The geographical jurisdiction of EPA Region III includes the Commonwealth of Pennsylvania.

FINDINGS OF FACT

1. EPA is authorized by Section 113 of the Act, 42 U.S.C. § 7413, to take action to ensure that air pollution sources comply with all federally applicable air pollution control requirements. These include requirements promulgated by EPA and those contained in federally enforceable SIPs or permits.
 2. ALC, a subsidiary of Allegheny Technologies Incorporated, produces silicon
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steel through the use of induction furnaces and Basic Oxygen furnaces (BOFs) that melt steel scrap along with various additives with the molten metal which is then poured into molds at ALC's Allegheny County plant which straddles the municipalities of Brackenridge and Natrona, PA (the "Facility"). The Facility as a whole is owned and operated by ALC and has been owned and operated by ALC at all relevant times to this NOV. ALC is hereinafter referred to as "Respondent."

3. Harsco's MultiServ division is in the global business of providing services in connection with the recovery of metallics from slag and other metallic-bearing residual materials generated by the steel making process, as well as providing other related services to the steelmaking industry. While much, if not all, of the Facility and underlying real estate at issue is owned and operated by ALC, Harsco, through its MultiServ division, actually operates and partially owns the slag operation/process that is situated on the Natrona side of ALC's Facility. Harsco's handling, processing and disposition ALC's slags and other metallic-bearing residual materials, as well as related services, is memorialized in a contract between the two parties entitled "SLAG HANDLING, METALLIC RECLAMATION AND SLAG PROCESSING AGREEMENT dated as of January 1, 2007". Harsco Corporation (a/k/a MultiServ) is hereinafter referred to as "Respondent". Collectively, ALC and Harsco are hereinafter referred to as "Respondents".
4. Respondents are "persons" within the meaning of Section 113(a) of the Act, 42 U.S.C. § 7413(a) and as defined in Section 302(e) of the Act, 42 U.S.C. § 7602(e).
5. The PA SIP, approved by EPA at 40 C.F.R. § 52.2020(b), includes Allegheny County Health Department (ACHD) regulation Article XXI, Section 2105.49 (covering fugitive emissions) which provides, in relevant part, that:

"The person responsible for a source of fugitive emissions, in addition to complying with all other applicable provisions of this Article shall take all reasonable actions to *prevent* fugitive air contaminants from becoming air-borne. Such actions may include, but are not limited to [among other things]: ...5. Enclosure of the source..." (emphasis added).
6. EPA inspectors, along with representatives from the Allegheny County Health Department (ACHD), observed Respondents' slag handling operation on August 8, 2007 and witnessed excessive fugitive particulate matter emissions from the slag dumping and handling process. These fugitive air contaminants were air-borne. Photographs by EPA, which corroborate the

inspectors' findings, were also taken of these emissions at that time.

7. The fugitive emissions referenced in paragraph 6, above, were being generated because the slag (nonmetal portion of steel batch) is simply placed in a ladle and taken outside of the Basic Oxygen Furnace (BOF) Shop by moveable equipment and then dumped on the ground outside and allowed to cool. This dumping process, along with knocking off the solidified slag from the inside of the ladle, generates significant fugitive emissions into the ambient air which are not controlled or limited by any type of device, building/enclosure or other preventative measure, including those measures listed in Article XXI, Section 2105.49 (covering fugitive emissions) .
8. According to the above stated inspection findings, and after consultation with ACHD, EPA finds that Respondents are in violation of the Act and the Pennsylvania SIP, including, but not limited to, Article XXI, Section 2105.49 *for failing to take all reasonable actions to prevent fugitive air contaminants from becoming air-borne .*

CONCLUSIONS OF LAW

2. Since at least August 8, 2007, Respondents have been in violation of Section 113 of the Act, 42 U.S.C. § 7413, and the PA SIP including, but not limited to, Article XXI, Section 2105.49 , at the Facility regarding the slag handling/processing operation and will be presumed to remain in violation of these requirements until Respondents establish continuous compliance with the above requirements. Section 113(e)(2) of the Act, 42 U.S.C. § 7413(e)(2).

ENFORCEMENT

Section 113(a) of the Act, as amended, 42 U.S.C. § 7413(a), the Federal Civil Penalties Inflation Adjustment Act of 1990, 28 U.S.C. § 2461, et seq., as amended by the Debt Collection Improvement Act of 1996, 31 U.S.C. § 3701, et seq., and the Civil Monetary Penalty Inflation Adjustment Rule, 40 C.F.R. Part 19, provide that at any time after the expiration of 30 days following the date on which a NOV is issued, the Administrator of EPA, or an EPA official authorized to act as his representative, may, without regard to the period of violation (subject to 28 U.S.C. § 2462):

- (a) issue an order requiring compliance with the requirements of the state implementation plan or permit, or

- (b) issue an administrative penalty order pursuant to Section 113(d) for civil administrative penalties of up to \$25,000 per day of violation for violations occurring on or before January 30, 1997, \$27,500 per day of violation for violations occurring after January 30, 1997, and \$32,500 per day of violation for violations occurring after March 14, 2004, or
- (c) bring a civil action pursuant to Section 113(b) for injunctive relief and/or civil penalties of not more than \$25,000 per day for each violation occurring on or before January 30, 1997, \$27,500 per day of each violation for violations occurring after January 30, 1997, and \$32,500 per day of each violation for violations occurring after March 14, 2004.

Further, Section 113(c) of the Act, 42 U.S.C. § 7413(c), provides for criminal penalties or imprisonment, or both, for any person who knowingly violates any plan or permit requirement more than 30 days after the date of the issuance of a NOV.

Pursuant to Section 306(a) of the Act, as amended, 42 U.S.C. § 7606(a), regulations promulgated thereunder at 40 C.F.R. Part 15, and Executive Order 11738, facilities or persons to be utilized in federal contracts, grants and loans must be in full compliance with the Act and all regulations promulgated pursuant thereto. Violation of the Act may result in the subject facility being declared ineligible for participation in any federal contract, grant, or loan.

PENALTY ASSESSMENT CRITERIA

Section 113(e)(1) of the Act, as amended, 42 U.S.C. § 7413(e)(1), states that the court in an action for assessment of civil or criminal penalties shall, as appropriate in determining the amount of penalty to be assessed, take into consideration (in addition to such other factors as justice may require) the size of the business, the economic impact of the penalty on the business, the violator's full compliance history and good faith efforts to comply, the duration of the violation as established by any credible evidence (including evidence other than the applicable test method), payment by the violator of penalties previously assessed for the same violation, the economic benefit of noncompliance, and the seriousness of the violation.

Section 113(e)(2) of the Act, as amended, 42 U.S.C. § 7413(e)(2), allows the court to assess a penalty for each day of violation from the first date of violation. Where the plaintiff makes a prima facie showing that the conduct or events giving rise to this violation are likely to have continued or recurred past the date of this NOV (or a previously issued air pollution control agency NOV for the same

violation), the days of violation shall be presumed to include the date of this NOV (or the previous NOV) and each and every day thereafter until Respondent establishes that continuous compliance has been achieved, except to the extent that Respondent can prove by the preponderance of the evidence that there were intervening days during which no violation occurred or that the violation was not continuing in nature.

OPPORTUNITY FOR CONFERENCE

Respondent may, upon request, confer with EPA to discuss this NOV. If Respondent requests a conference with EPA, Respondent should be prepared to describe the causes of the violation and to describe any actions Respondent may have taken or proposes to take to bring the Facility into compliance. Respondent has the right to be represented by counsel. Respondent must submit any request for a conference with EPA within 10 days of receipt of this NOV. A request for a conference with EPA, and/or any inquiries regarding this NOV, should be submitted in writing to:

James W. Hagedorn
Air Enforcement Branch
Mail Code 3AP12
U.S. Environmental Protection Agency - Region III
1650 Arch Street
Philadelphia, PA 19103-2029

EFFECTIVE DATE

This NOV shall be effective immediately upon receipt.

QUESTIONS REGARDING NOV

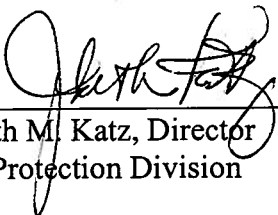
If you have any questions concerning this Notice of Violation, you may contact Mr. Bowen Hosford, Acting Chief, Air Enforcement Branch, at (215) 814-3158, or James W. Hagedorn at (215) 814-2161.

DISCLOSURE INFORMATION

Certain companies may be required to disclose to the Securities and Exchange Commission (SEC) the existence of certain pending or known to be contemplated environmental legal proceedings (administrative or judicial) arising under federal, state or local environmental laws. Please see the attached "Notice of Securities and Exchange Commission Registrants' Duty to Disclose Environmental

Legal Proceedings” for more information about this requirement and to aid you in determining whether your company may be subject to the same.

EPA is enclosing an Information Sheet entitled “U.S. EPA Small Business Resources,” (EPA 300-F-99-004, September 1999), which identifies a variety of compliance assistance and other tools available to assist small businesses in complying with federal and state environmental laws.



Judith M. Katz, Director
Air Protection Division

11/08/07

Date

cc: James Thompson, ACHD
Steve Hepler, PaDEP-Pittsburgh Office